

COUNTY ADMINISTRATIVE OFFICE

BUDGET UNIT: MASTER SETTLEMENT AGREEMENT (RSM MSA)

I. GENERAL PROGRAM STATEMENT

This budget unit accounts for proceeds received from the tobacco lawsuit Master Settlement Agreement (MSA). In late 1998 a settlement was reached in a lawsuit filed by states against the tobacco industry. In California the proceeds of the settlement are to be divided equally between the state and local governments who partnered in the lawsuit. Payments to local governments are based on a formula involving total tobacco sales and each local entity's population. There is no staffing associated with this budget unit.

II. BUDGET & WORKLOAD HISTORY

	Actual 2001-02	Budget 2002-03	Actual 2002-03	Budget 2003-04
Total Requirements	18,341,126	26,947,289	18,386,633	27,886,223
Total Revenue	22,720,793	20,433,000	21,931,131	17,876,000
Fund Balance		6,514,289		10,010,223

In accordance with Section 29009 of the State Government Code, the entire unreserved fund balance must be appropriated each year. Accordingly, estimated requirements in this fund are less than budgeted. The amount not expended is carried over to the subsequent year's budget.

III. HIGHLIGHTS OF BOARD APPROVED CHANGES TO BUDGET (see attachments for detailed changes)

PROGRAM CHANGES

Program changes in services and supplies include a decrease of \$686,093 as a result of the completion of the tobacco cessation programs, which were established with an allocation in the 2000-01 budget. In addition, \$2.7 million, previously appropriated in services and supplies, is now reflected in operating transfers for general financing purposes. Beginning with 2003-04, annual payments to the county from the Master Settlement Agreement for the next four years are scheduled at \$17.5 million. This \$2.7 million expected decrease in tobacco settlement proceeds directly corresponds to the \$2.7 million scheduled decrease in general fund financing for the Medical Center debt.

GROUP: Administrative/Executive
DEPARTMENT: County Administrative Office - Master Settlement
FUND: Special Revenue RSM MSA

FUNCTION: General
ACTIVITY: Finance

	2002-03 Actuals	2002-03 Approved Budget	2003-04 Board Approved Base Budget	2003-04 Board Approved Changes to Base Budget	2003-04 Final Budget
Appropriation					
Services and Supplies	686,633	9,247,289	9,247,289	414,486	9,661,775
Contingencies	-	-	-	491,448	491,448
Total Appropriation	686,633	9,247,289	9,247,289	905,934	10,153,223
Operating Transfers Out	17,700,000	17,700,000	17,700,000	33,000	17,733,000
Total Requirements	18,386,633	26,947,289	26,947,289	938,934	27,886,223
Revenue					
Use of Money & Prop	349,405	200,000	200,000	160,000	360,000
Other Revenue	21,581,726	20,233,000	20,233,000	(2,717,000)	17,516,000
Total Revenue	21,931,131	20,433,000	20,433,000	(2,557,000)	17,876,000
Fund Balance		6,514,289	6,514,289	3,495,934	10,010,223

COUNTY ADMINISTRATIVE OFFICE

Board Approved Changes to Base Budget

Services & Supplies	3,833,579	Budgeted adjustment for estimated fund balance.
	(2,733,000)	Transferred appropriation to operating transfers out.
	(686,093)	Allocation for Tobacco Use Reduction program from 2000-01.
	<u>414,486</u>	
Contingencies	<u>491,448</u>	Final fund balance adjustment placed in contingencies.
Total Appropriation	<u>905,934</u>	
Operating Transfers Out	(2,700,000)	Decrease in financing for the Medical Center debt.
	<u>2,733,000</u>	Increase in general purpose financing.
	<u>33,000</u>	
Total Requirements	<u>938,934</u>	
Revenue		
Use of Money & Prop	<u>160,000</u>	Anticipated increase in interest due to fund balance.
Other Revenue	<u>(2,717,000)</u>	Anticipated decrease in tobacco proceeds per the Master Settlement Agreement.
Total Revenue	<u>(2,557,000)</u>	
Fund Balance	<u>3,495,934</u>	